

North Korea

North Korea is north of the demarcation line set by the Korean Armistice Agreement in July 1953. Its total area is 123,138 km², accounting for approximately 55.8% of the entire Korean Peninsula which is 223,404 km². The population of North Korea is about 24,545,000, and its population density is 199.3 persons/km². This is close to 40% of that of South Korea whose population density is 499.1 persons/km².

North Korea faces the East Sea on the east coast and the Yellow Sea on the west coast and shares a border with the northeastern part of China along the Amnokgang (Yalu River) and Dumangang (Tumen River) and with Russia's Siberia along the Dumangang. The boundary with China is 1,353.2 km long and features bridges such as the Amnokgang Bridge, which enables road and railway traffic to flow between Sinuiju in N. Korea and Dandong in China. North Korea shares a border with Russia that is 16.2 km long and is connected by a railroad bridge between N. Korea's Dumangang Station in Nason (Rason) and the Khasan Station just across the border in Russia. To the south, North Korea's border with South Korea consists of the Military Demarcation Line, lying along Gaeseong(Kaesong)-si and Jangpung(Changpung)-gun in Hwanghaebuk-do, Cheorwon-gun, Pyeonggang-gun, Kimhwa-gun, Changdo-gun,

Guemgang(Kumgang)-gun, and Goseong-gun in Gangwon-do and South Korea's Gyeonggi-do and Gangwon-do.

In 1945, when Korea was liberated from Japan, the administrative district of the northern region was comprised of 6 *dos*, 9 *bun*, 89 *guns*, and 810 *eups* and *myeons*. However, administrative and district reform was carried out in December, 1952, changing from a four-stage administrative system of: 1. *do* and special city; 2. *si-gun*; 3. *eup/myeon*; and 4. *ri/dong* to a three-stage administrative system of: 1. province and direct-controlled city; 2. *si/guyeok*(section)/*gun/gu/Jachigu*(district); and 3. *eup/ri/dong/workers'* district. Subsequently, there were several more administrative district reforms. What is notable is the promotion of the Special Cities of Nason(Rason) and Nampo(Nampho) for economic purposes. As of 2014, North Korea consists of 1 direct-controlled city of Pyongyang (Pyongyang), 2 special cities (Nason, Nampo), and 9 provinces.

One of North Korea's prominent geographical features is the Nangrimsanmaek (Nangrim Mountain Range), which is part of the Baekdudaegan (Traditional way of representing backbone Mountain Ranges of the Korean Peninsula) and which runs from north to south. The following ranges are also part of *Baekdudaegan*:

the Gangnamsanmaek, Jeoguryeongsanmaek, and Myohyongsanmaek located to the west and the Hamgyeongsanmaek and Bujollyeongsanmaek located to the east in Hamgyeongbuk-do and Hamgyeongnam-do. The northern and eastern parts of North Korea are mostly dominated by mountains and uplands whereas the southern and western parts generally consist of plains and lowlands.

Due to this topography, the rivers that run toward the Yellow Sea, including the Amnokgang, Daedonggang, Cheongcheongang, and Yeseonggang, tend to wind through the mountains and meander on gentle slopes once they pass the mountainous areas. In contrast, rivers that move toward the East Sea, such as the Dumangang and Namdaecheon, are straighter and much shorter in length than those of west-bound rivers. Consequently, North Korea's major plains, which include the Pyeongyangpyeongya, Jaeryeongpyeongya, and Yeonbaekpyeongya, were located on alluvial deposits supplied by the larger rivers that run toward the Yellow Sea.

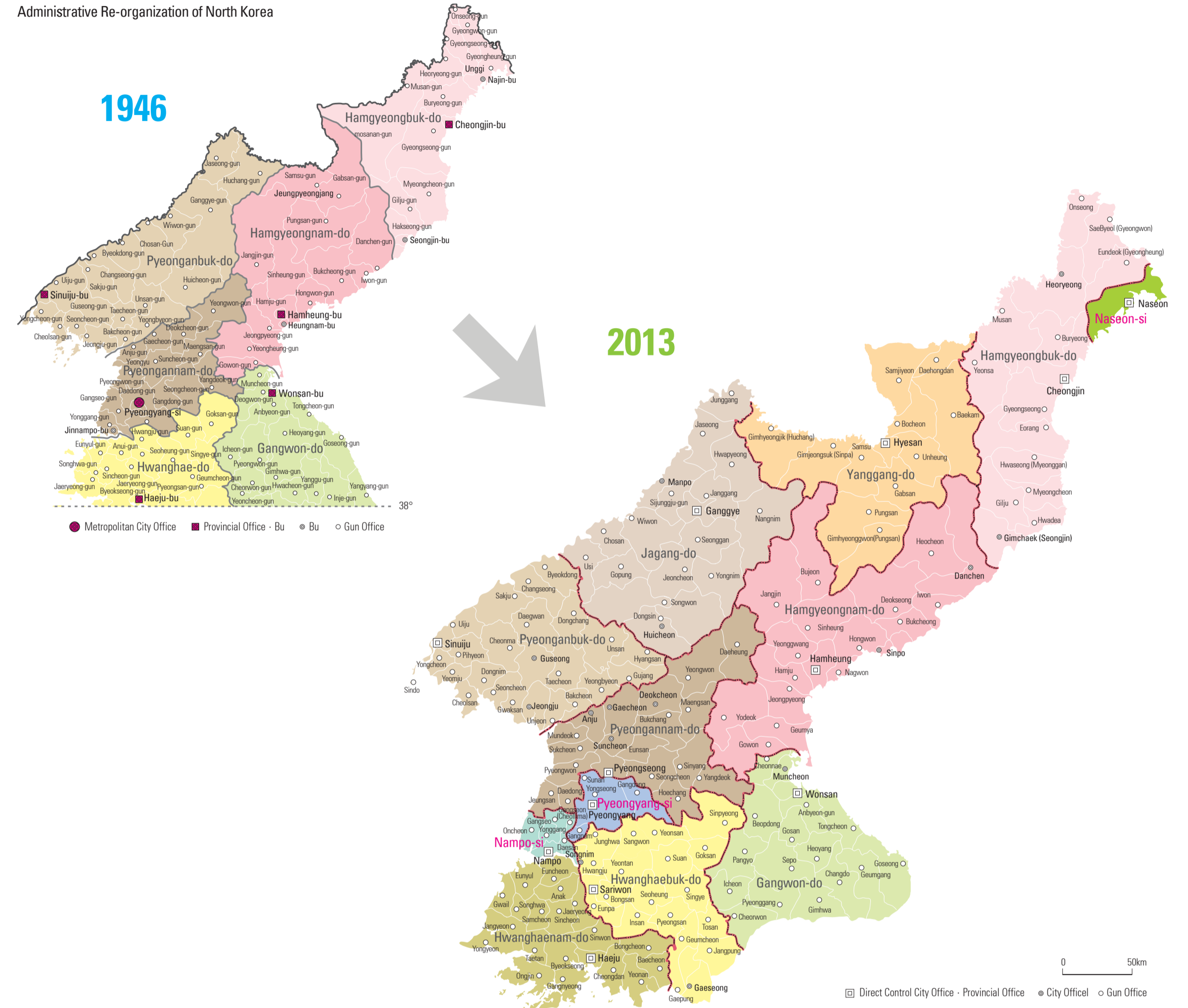
Much of the bedrock strata in North Korea were formed during the period between the pre-Cambrian and Cenozoic Eras, providing the country with a wide range of mineral resources. North Korea is one of the top ten countries in the world with the largest reserves

of magnesite, tungsten, molybdenum, graphite, barite, gold, mica, and fluorspar. There are 40 kinds of natural mineral resources that have economic value.

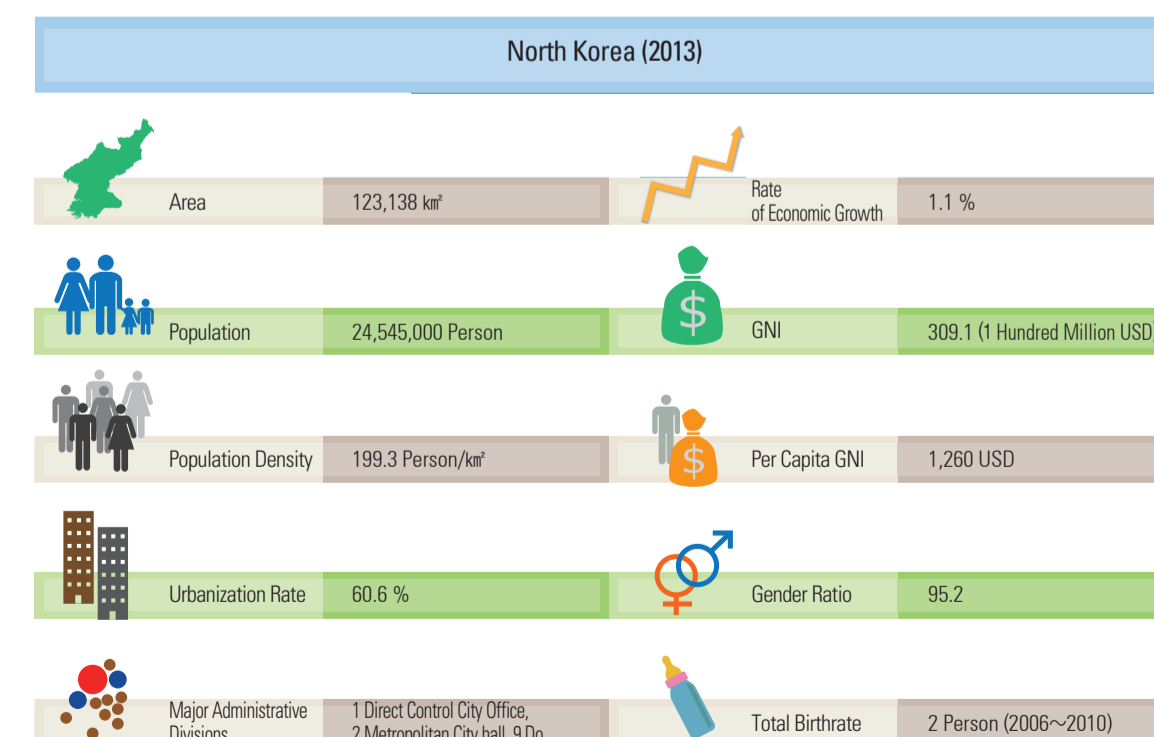
North Korea is in a temperate climate region and has a continental climate. Its winters are very cold as a result of northwestern winds that blow from Siberia and the summers are hot and humid due to the southeastern monsoon winds that bring moist air from the Pacific Ocean. The average annual rainfall is between 600-1,500mm, and 53-63% of all precipitation occurs from June to September. The overall rainfall is less than that of South Korea and varies widely depending on the region.

In the past, North Korea had an abundance of natural resources that had ecological value. However, its forests have been consistently damaged due to programs such as "Nationwide Fortification," one of the four military campaigns that began in the 1960s; "Terraced Field Farming," one of the five nature reformation campaigns that began in the 1970s; and the project of "New Field Finding," which began in the 1980s. Particularly in the 1990s, forests were devastated as financial difficulties forced people to find food and fuel in the mountains.

Administrative Re-organization of North Korea



Overview of North Korea



Administrative Divisions of North Korea

	2013								
	Si, Gun, Section, Gu, District				Eup, Ri, Dong, Workers' District				
	Si	Gun	Section	Gu	District	Eup	Ri	Dong	Workers' Districts
Pyeongyang	-	2	18	-	-	1	57	284	10
Nason	-	-	-	-	2	-	12	20	-
Nampo	-	2	5	-	-	2	49	73	5
Pyeongannam-do	5	14	-	1	2	14	347	118	26
Pyeonganbuk-do	3	22	-	-	-	22	484	88	31
Hamgyeongnam-do	3	15	7	1	1	15	465	160	35
Hamgyeongbuk-do	3	12	7	-	-	12	253	134	44
Hwanghaenam-do	1	19	-	-	-	19	419	26	11
Hwanghaebuk-do	3	18	-	-	-	19	393	78	8
Gangwon-do	2	15	-	-	-	15	379	61	7
Jagang-do	3	15	-	-	-	15	229	68	23
Yanggang-do	1	11	-	-	-	11	143	25	67
Total	24	145	37	2	5	145	3,230	1,135	267

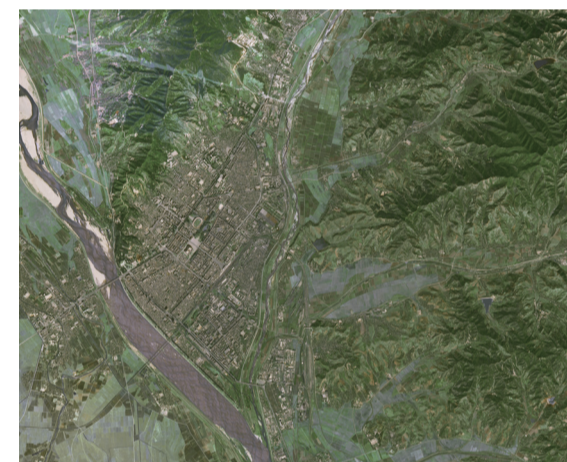
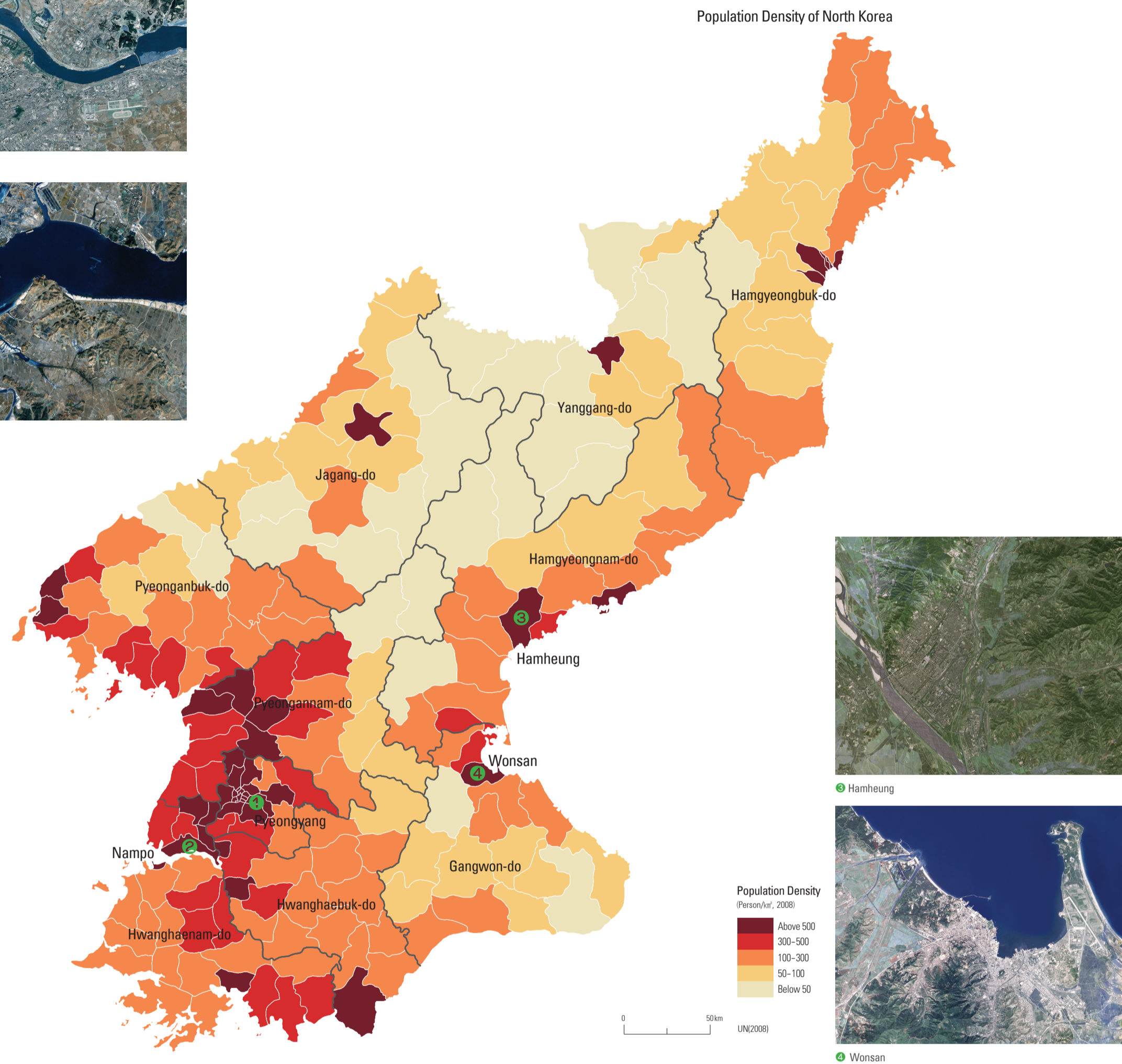
Population and Cities of North Korea



Pyongyang



Nampo



Hamheung



Wonsan

In 1946, a year after Korea's liberation from Japan, the total population of North Korea reached 9.26 million. However, when North Korea and South Korea fought the Korean War, the North's population dropped to its lowest level at 8.49 million. By 1958, the population had grown continuously to surpass the ten million mark for the first time in history, and it reached 20 million by the late 1980s. According to North Korea's central statistics office, however, the country's population recorded a net loss in 1992 for the first time. Since 1993, North Korea has shown an average annual population growth of 1% and its population finally exceeded 24 million in 2004.

As shown on the map above, most North Koreans live in the southern and western parts of country where there are many plains and lowlands. Pyongyang and

its neighboring Pyeongannam-do show the highest population density. The population density is generally low in the mountainous northern and eastern parts (Jagang-do, Yanggang-do, Hamgyeongbuk-do, Hamgyeongnam-do, and Gangwon-do), with the exception of scattered cities, such as Hyesan-si, Cheongjin (Chongjin)-si, Hamheung (Hamhung)-si, and Ganggye-si, and the eastern coastal area.

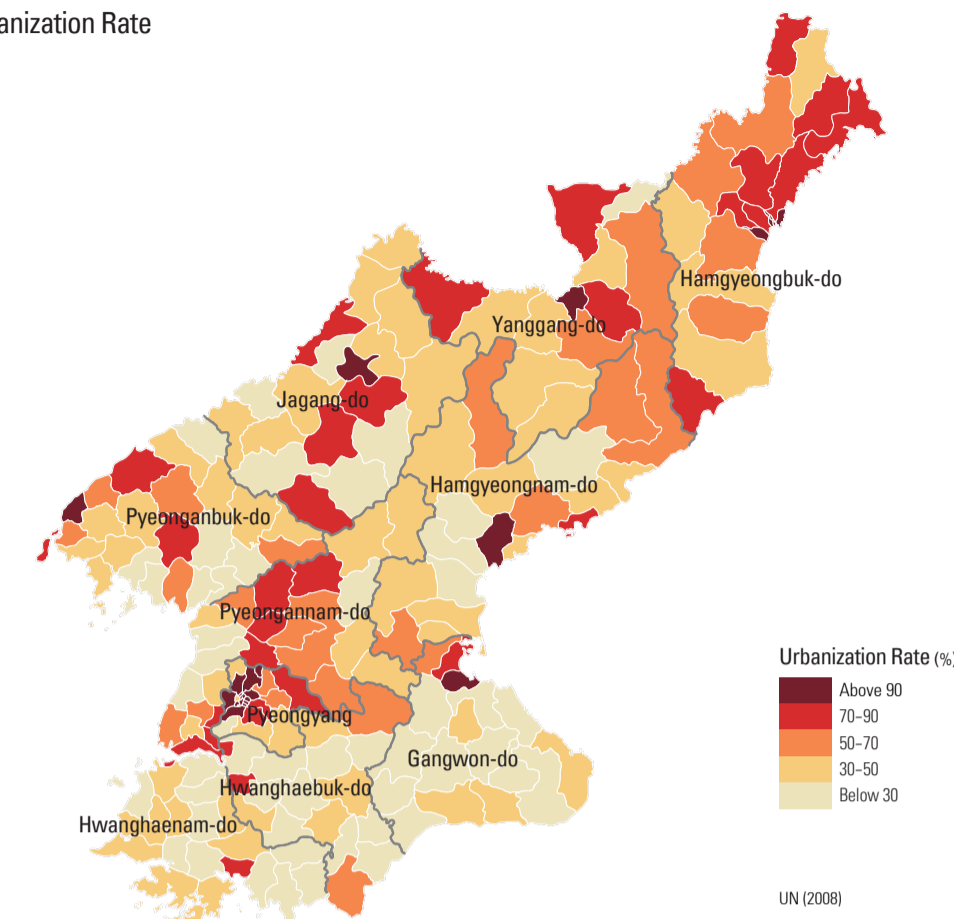
According to UN population census statistics, the migrant population above the age of five in 2008 reflected less than 1% of the total population, which demonstrates that interregional migration is not common. Exceptions are Pyongyang and Pyeongannam-do where the largest volume of migrant population ultimately lives. The Direct-administered City of Pyongyang, in particular, boasts the highest

share and number of incoming population which is 28.3% of the total. The city's population out-migration accounts for 10.2% of the total. Besides Pyongyang, only Pyeongannam-do and Hamgyeongbuk-do have more people moving in than those moving out whereas all of the other regions are experiencing serious population out-migration. Hamgyeongnam-do, especially, has taken the biggest hit, with twice as many people leaving as those moving into the province.

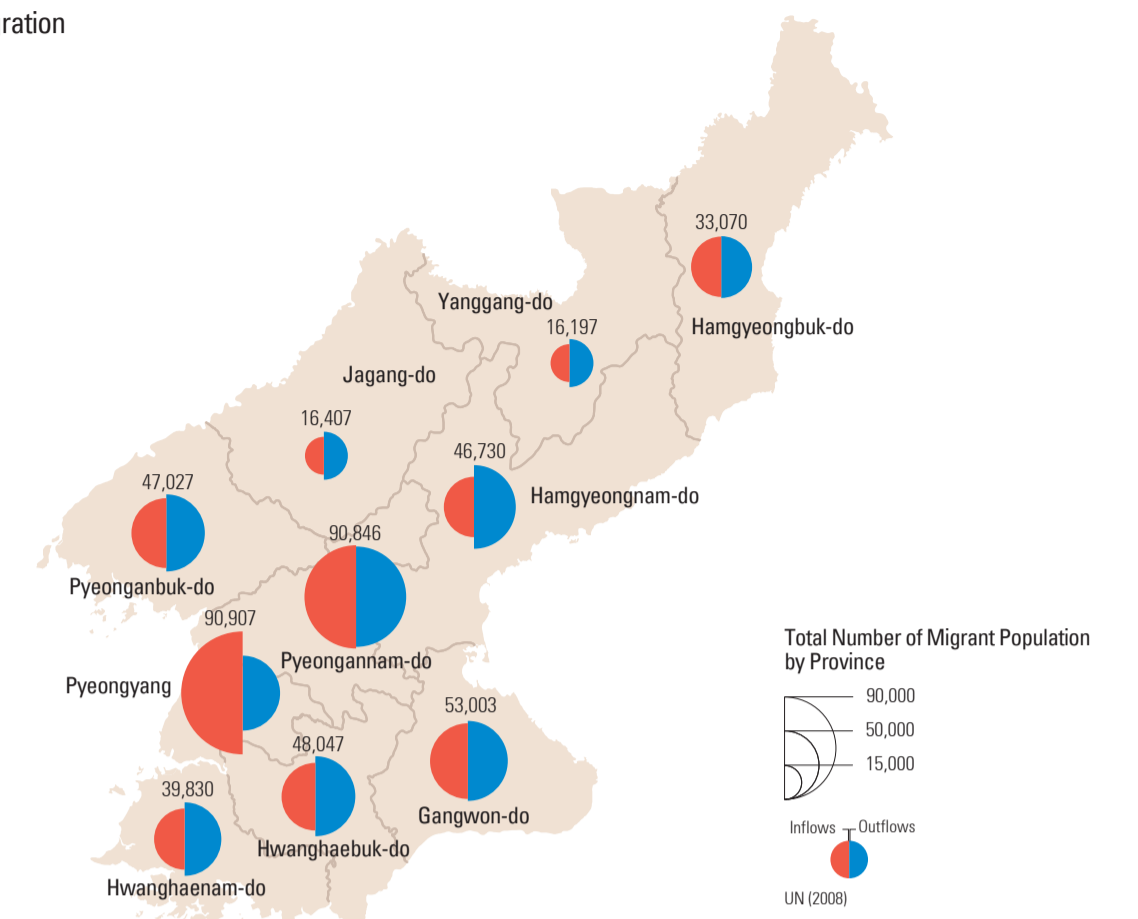
As for Pyongyang, 30.2% of its incoming population is from Pyeongannam-do, followed by Hwanghaebuk-do (13.6%) and Pyeonganbuk-do (13%). Among those who leave Pyongyang, 40% choose to go to Pyeongannam-do. Pyongyang's population out-migration to other regions is

generally evenly distributed. One of the interesting features of Pyongyang's population movement is that a significantly small number of people move to Yanggang-do (0.01%) or Jagang-do (0.03%) compared to all of the other provinces. Similarly, those people moving from Yanggang-do and Jagang-do to Pyongyang stand only at 0.03% and 0.04%. This trend may be a result of the fact that the two provinces have smaller populations. However, given that the similar-sized Province of Gangwon-do that accounts for as much as 8.5% of Pyongyang's incoming population and 14.3% of its outgoing population, the low migration trend for Yanggang-do and Jagang-do appears to be related to their socioeconomic conditions, two of the most backward provinces in the country.

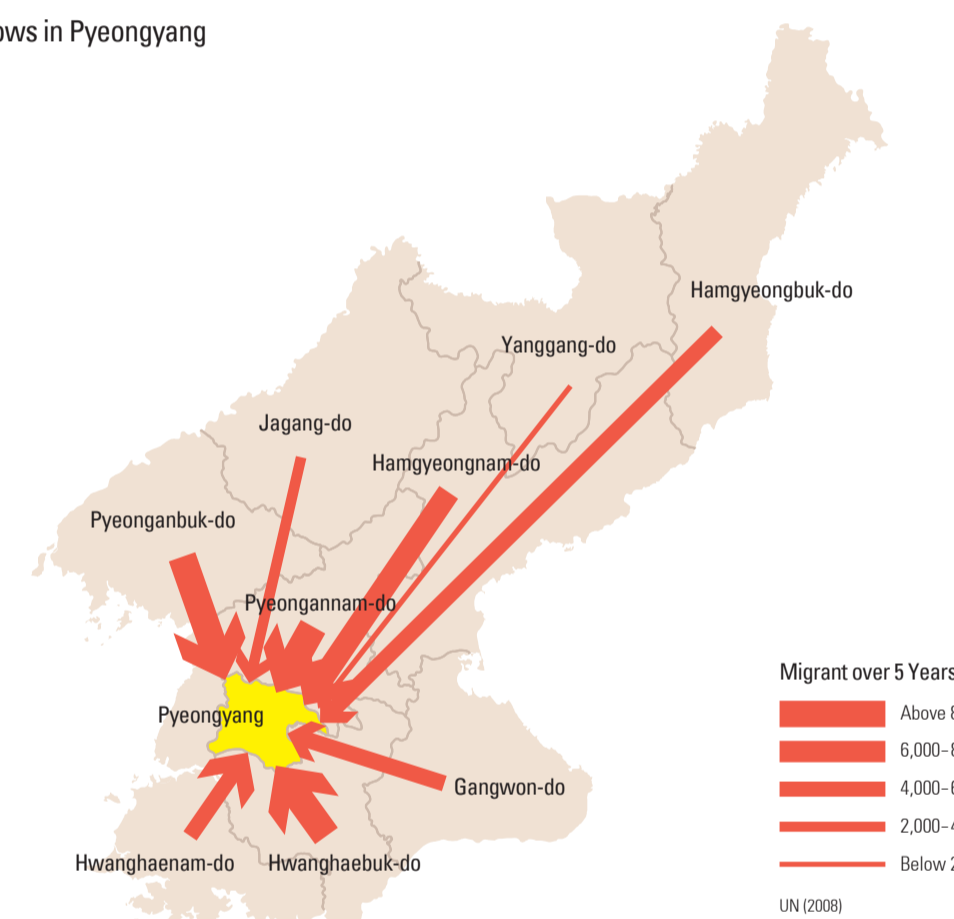
Urbanization Rate



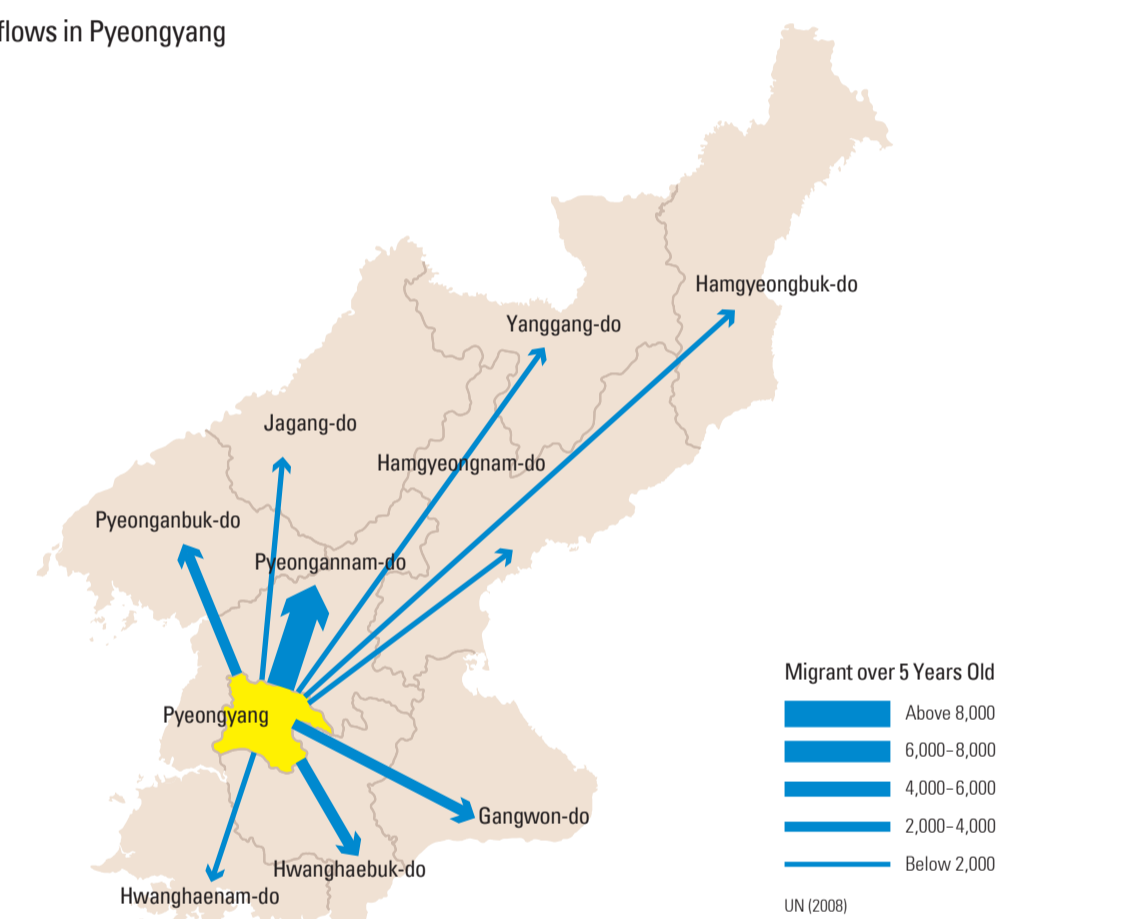
Migration



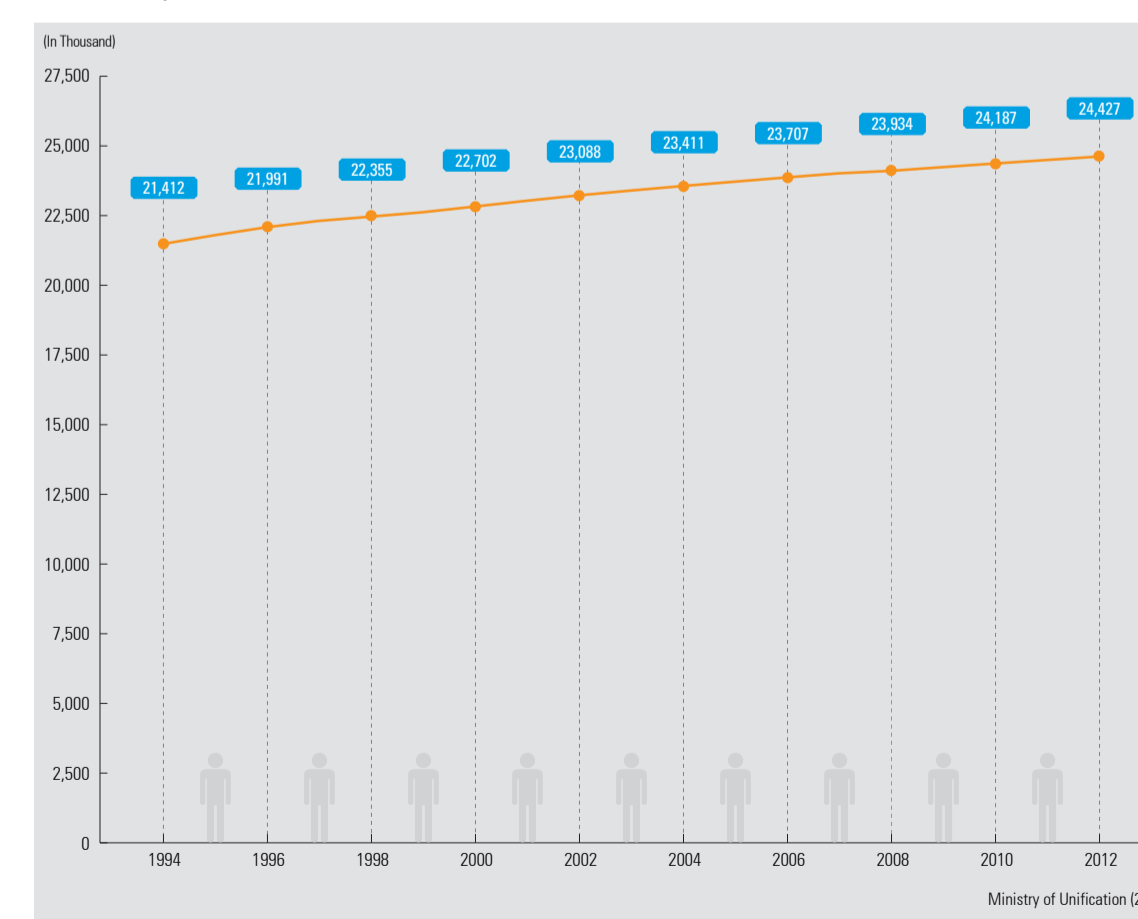
Inflows in Pyongyang



Outflows in Pyongyang



Trend of Population



As of 2008, 64.6% of North Korea's total population lives in urban regions. Pyongyang is the most urbanized area with 86.7% of its population residing in its urbanized area. Hamgyeongbuk-do, which has major cities such as the Najin-Seonbong (Rajin-Sonbong) Special Economic Zone and the city of Cheongjin, is the second most urbanized area with an urbanization rate of 70.7%, followed by Pyeongannam-do (64.9%) where the special city of Nampo is located. All of the other provinces, however, have a less than average urbanization rate. Regional inequality in terms of urbanization is a serious problem.

Historically, North Korea once experienced rapid urbanization as it actively pursued industrialization right after Korea's liberation from Japanese colonial rule in 1945. As a result, their urbanization rate jumped from 31% in 1953 to 56.7% in 1976; the pace has significantly slowed since then.

As of 2008, the population of Pyongyang, the largest city in the North, stands at 3,255,000, followed by Hamheung in Hamgyeongnam-do (768,000) and Cheongjin in Hamgyeongbuk-do (667,000). Pyongyang is the only city whose population is more

than one million, only two other cities have more than 500,000 people, and only 18 other cities surpass the 100,000 mark.

North Korea's ranking by population of its cities in 1940 was as follows: Pyongyang, Cheongjin, Wonsan, and Hamheung. As Hamheung increased in size, the ranking changed in 1967 to: Pyongyang, Hamheung, Cheongjin, and Wonsan. Then in 1982 Cheongjin became North Korea's second largest city, and the ranking changed once again to the following: Pyongyang, Cheongjin, Hamheung, and Wonsan. During the 1990s, Hamheung regained its 2nd place rank and Nampo showed rapid growth. As of 2008, the largest cities rank as follows: Pyongyang, Hamheung, Cheongjin, and Nampo.

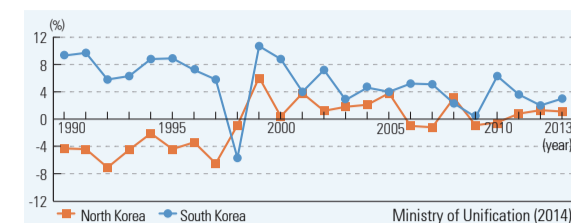
The map shows that the two pillars of North Korea's urban development are the Pyongyang-Nampo region in the West and the Hamheung-Cheongjin region in the East. Among other cities, Hyesan, Ganggye, and Sinuiju in the northern area and Pyeongsong, Gaecheon, Suncheon, and Deokcheon in the central area boast a high urbanization rate of over 80%.

Economy of North Korea and Inter-Korean Economic Cooperation

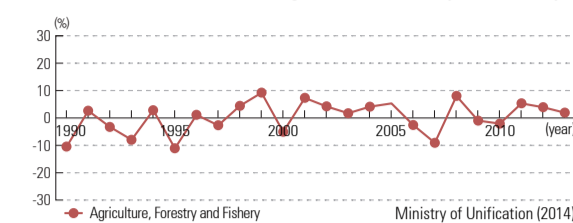
Special Economic Zones · Development Zones



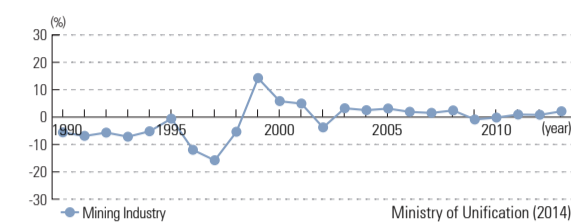
Trend in the Rate of Economic Growth



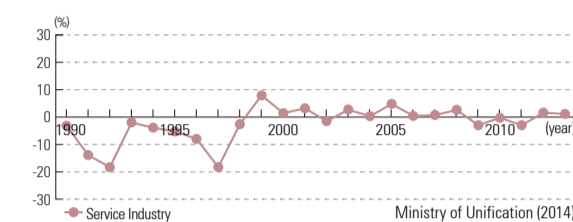
Trend in the Growth Rate of Agriculture, Forestry and Fishery



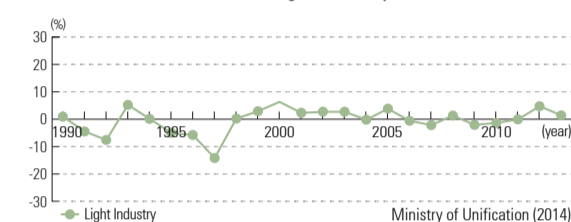
Trend in the Growth Rate of Mining Industry



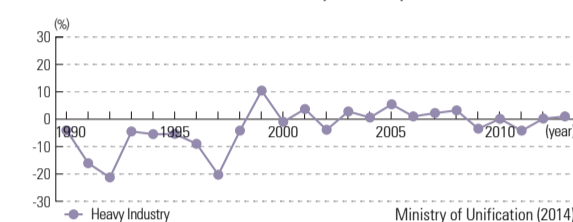
Trend in the Growth Rate of Manufacturing Industry



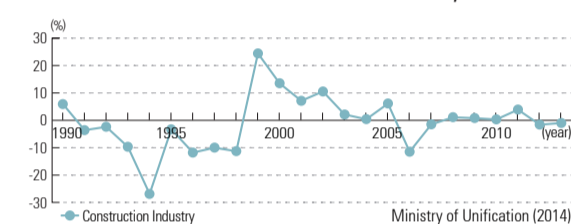
Trend in the Growth Rate of Light Industry



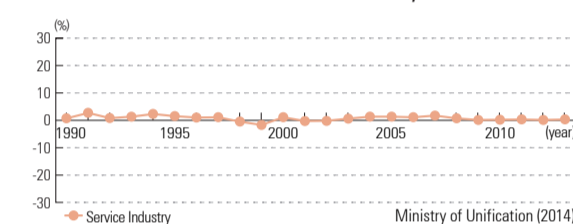
Trend in the Growth Rate of Heavy Industry



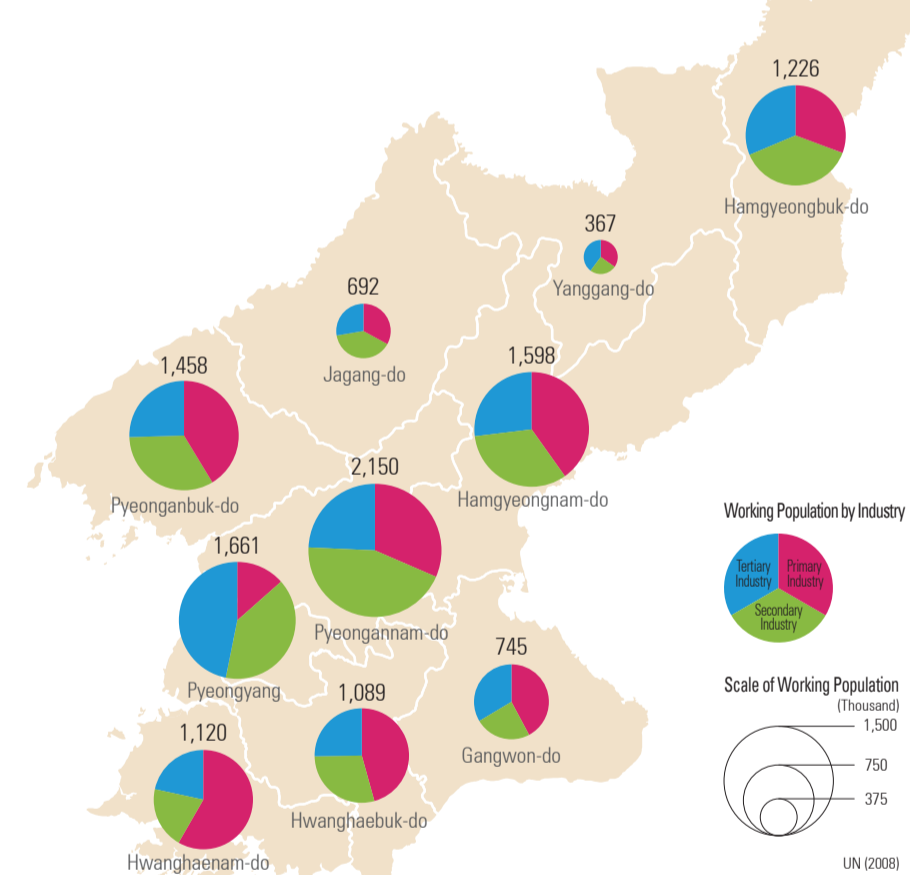
Trend in the Growth Rate of Construction Industry



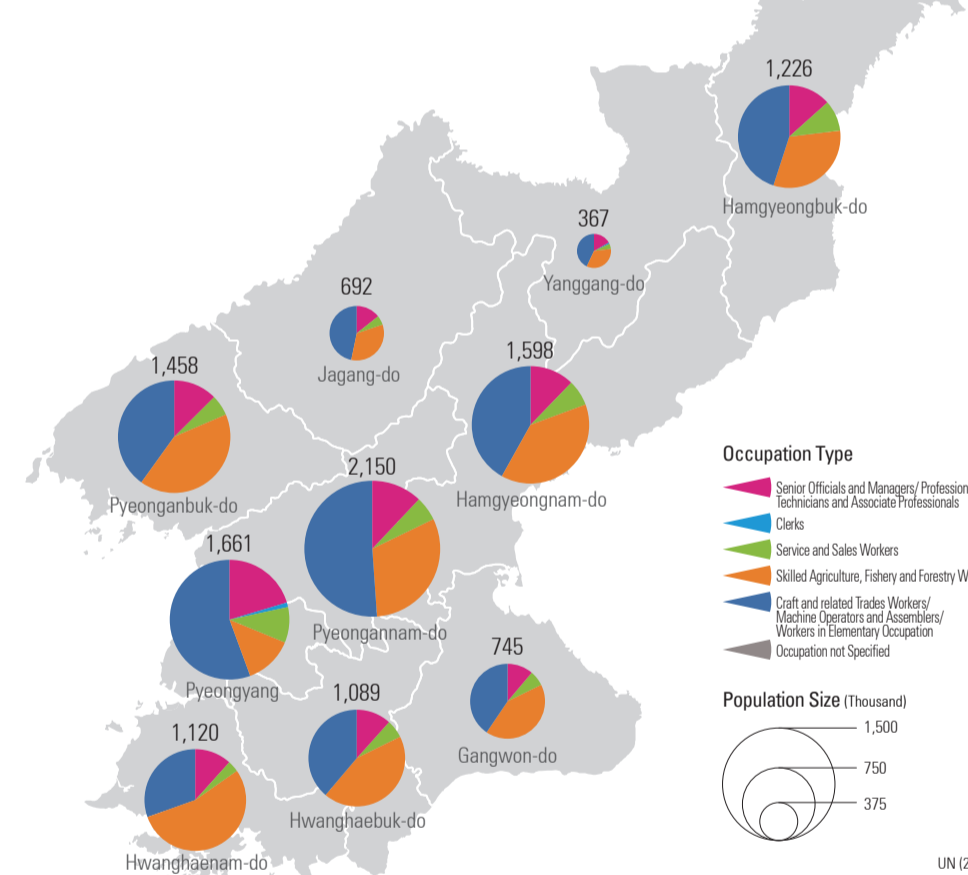
Trend in the Growth Rate of Service Industry



Working Population by Major Industry Group



Working Population by Occupation



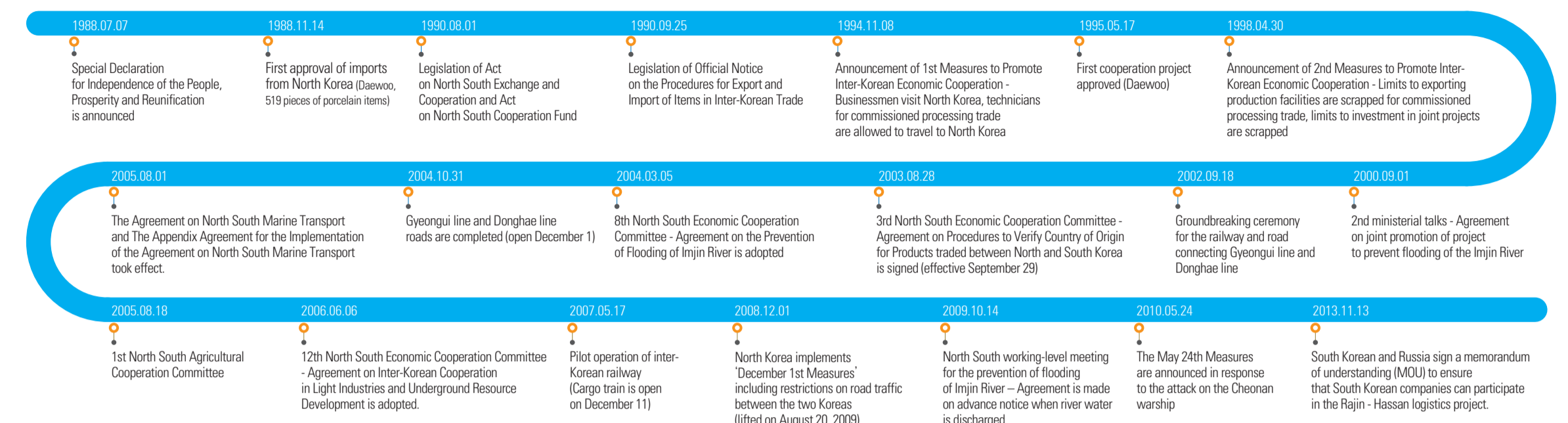
North Korea's economy is a centrally planned and unified system in which the State Planning Commission of the central government announces economic development plans and strictly controls smaller economic units, such as regional governments, factories, and companies. Along with a centrally planned system, another important feature of North Korea's economy is that the country included plans to assign top priority to developing heavy industry with parallel developments in agriculture and light industry. Due to the lack of capital and resources, however, heavy industry was favored over light industry and agriculture. With the collapse of communist governments around the world during the 1990s, the problem of favoring heavy industry and ignoring agriculture and light industry became serious, and it led to financial difficulties and food shortages in the mid-1990s. The North's economy

began to recover after 1999, but it has experienced an average annual negative growth rate since 2006. As of 2008, 36% of North Korea's population has been working in primary industries, 34.3% in secondary industries, and 29.6% in tertiary industries. As for Hwanghaenam-do and Hwanghaebuk-do, the rice bowl of North Korea, the largest share of the population is working in primary industries, with a rate of 58.1% and 45.6%, respectively. In Pyeonganam-do, the largest proportion of people (44.3%) is laboring in secondary industries because this province is home to the Pyeongyang South Coalfield and Pyeongyang North Coalfield which collectively boast the largest coal deposits in North Korea. In addition, major industrial facilities, such as Cheollima Steelworks, the Daean heavy machinery factory, and the Nampo smelting factory are located in the city of Nampo. North Korea's service industry has generally posted

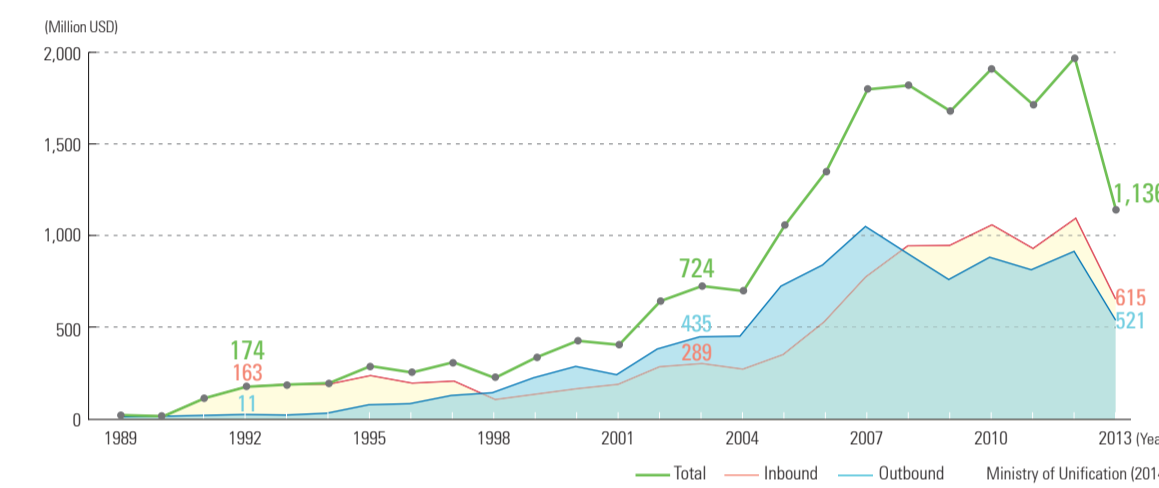
slow growth with the exception of Pyeongyang. One of North Korea's most important goals is for its economy to be self-sufficient, but unfortunately this imperative led it to underestimate the importance of economic cooperation with foreign countries. As a result, North Korea imported a minimum amount of indispensable raw materials, mostly from former socialist countries, but when it realized the inefficiency of this policy it announced that it would work on economic cooperation with other foreign countries, a process North Korea has engaged in since the 1970s. In 1991, the first special economic zone was established in Najin-Seonbong to more aggressively attract foreign capital. In September 2002, Sinuiju was designated as a special administrative zone, and in October of that year the Gaeseong Industrial Complex was promoted to a special economic zone, followed by the Geumgangsan area in November. In January 2010,

North Korea promoted the Najin-Seonbong Special Economic Zone to a Special City. North Korea is now cooperating with China to develop the Najin-Seonbong region along with the Hwanggeumpyeong-Wihwado Special Economic Zone near the Amnokgang. With the enactment of the "Economic Development Zone Act," North Korea announced 13 economic development districts to attract foreign investment, with Sinuiju being designated as a new special economic zone. Subsequently, North Korea announced its intention to set up another development zone in Gaeseong, the Gaeseong Hi-Tech Industrial Park in November 2013. In July 2014, North Korea designated six more economic development zones including Unjong cutting-edge technological development zone.

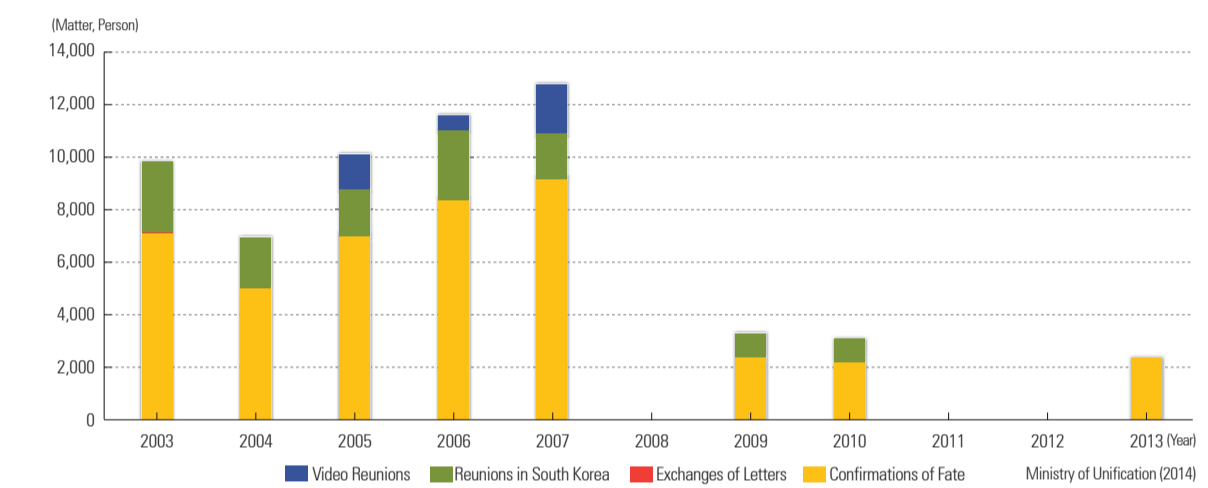
History of Inter-Korean Trade and Economic Cooperation



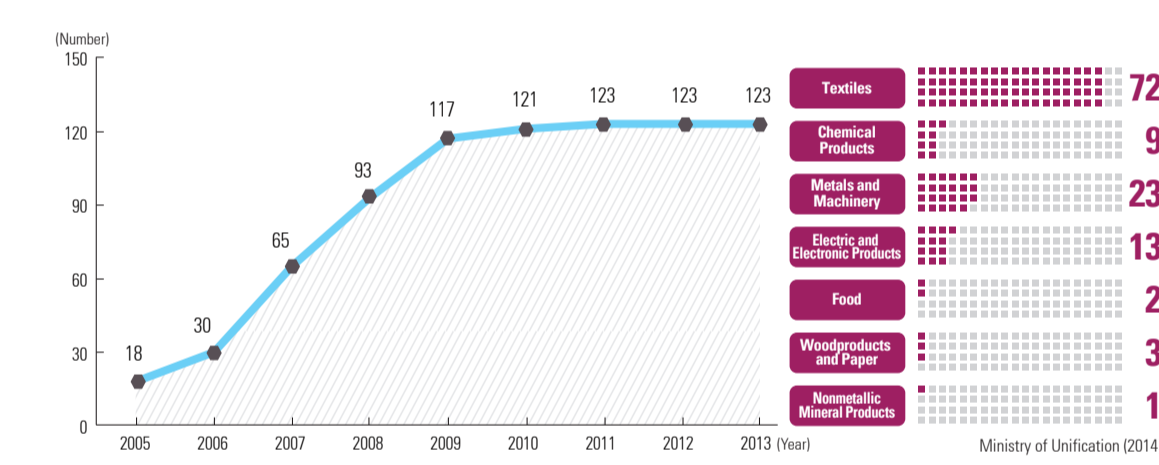
Amount of Inter-Korean Trade by Year (1989-2013)



Exchanges of Separated Families by Year



Number of Companies Operating in the Gaeseong Industrial Complex



From 1945, the year that North and South Korea were divided, to the 1960s, exchanges and cooperation between the two were virtually nonexistent. In the early 1970s, the North and South first discussed the possibility of an exchange of goods through their respective Red Cross Societies. On November 8, 1994, the Kim Young-sam administration announced the first round of measures to activate inter-Korean economic cooperation. As the successive Kim Dae-jung administration unveiled the second round of measures and held a summit meeting with the North, inter-Korean economic cooperation entered a new phase. South-North economic cooperation first started in general trade and then progressed into processing trade and direct investment. As for North Korea's exports to South Korea, general trade and processing trade accounted for a large share. However, since 2010, and when the project of the Gaeseong(Kaesong) Industrial Complex stabilized, the trade volume from economic cooperation (Gaeseong Industrial

Complex, Geumgangsan tourism, cooperation in the light industry, etc.) surpassed that of general trade and processing trade. North Korea's imports from South Korea have shown a similar trend. At the beginning of inter-Korean economic cooperation, non-commercial trade accounted for the largest part, but over time, the share of commercial trade has increased. Major economic cooperation projects include Geumgangsan tourism, inter-Korean railway, road constructions, and the Gaeseong Industrial Complex development. Tourism to Geumgangsan began on November 18, 1998 and the North designated the Geumgangsan area as a special tourist district by enacting the "Geumgangsan Tourist District Act" on November 13, 2002. However, it was suspended in July 2008 after a South Korean tourist was shot dead by a North Korean soldier. After ministerial talks in July and August of 2000, the North and South agreed to reconnect a section of the Seoul-Sinuiju Gyeongui railway line and a section

of the Munsan-Gaeseong Roadway. The ground breaking ceremony for the two cross-border railways and roadways took place on September 18, 2002. Then, in 2003, the Gyeongui line was temporarily opened for the development of the Gaeseong Industrial Complex. After the opening ceremony on February 11, 2003, the Donghae line was used to provide tourist access to Geumgangsan. In May 2007, trial runs of the Gyeongui line (Munsan-Gaeseong) and the Donghae line (Geumgangsan-Jejin) took place; in December of the same year, regular freight train service was initiated. The Gaeseong Industrial Complex project was created from the agreement between the South's Hyundai Asan and the North's Korean Asia-Pacific Peace Committee (KAPPC) in August 2000. On June 30, 2003, the first round of development began on a 3.3 million square meters complex in North Korea and on December 15, 2004, the first products were brought to market. The Gaeseong Industrial

Complex project faced difficulties since North Korea restricted land route traffic on December 1, 2008; but currently production activity is growing fast, with 123 companies in the complex hiring 52,000 North Korean workers. Additionally, its accumulated production output and trade volumes stand at US\$ 236.85 million and US\$ 9.45 billion, respectively. The progress in inter-Korean economic cooperation has proven to have a positive impact on families separated by the division between North Korea and South Korea. Between 2003 and 2007 when inter-Korean economic exchanges were at their peak, families were able to search for their family members separated from them by the Demarcation Line, communicate with them through letters, and have reunions at governmental and non-governmental levels. As inter-Korean relations cooled in 2008, the separated families' chances of communicating with their family members significantly decreased.



Landscape of the Gaeseong Industrial Complex